

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Nebraska Public                    )  
Service Commission, on its own motion,            ) Application No. NUSF-33/PI-68  
to investigate the audit requirements            )  
related to the Nebraska Universal Service        )  
Fund.    )

**COMMENTS OF SPRINT**

COMES NOW United Telephone Company of the West, d/b/a Sprint, Sprint Communications Company L.P., and Sprint Spectrum L.P. (hereinafter collectively "Sprint") and pursuant to the Commission's Order of August 12, 2003 submits the following comments in this matter:

1.     General Comments

Sprint does not consider the changes suggested in the Commission's Order No. 2 as minor. From discussion with our external auditors, the cost for the additional agreed upon procedures as indicated in the Order will be at least an additional 30%. This expense has not been budgeted by Sprint in 2003. The increased cost is based on the additional procedures outlined in Attachment A which would require that the auditors become familiar with the new requirements as well as interpret the Commission's expectations for such audit. For the current audit period this would impact the 3 Sprint Divisions for 18 months or a total of 54 remittances.

As communicated previously, Sprint's external auditors have already completed the field work of the remittance audit for its 3 divisions for the period July 2001 – December 2002 and final manager and partner review are underway. To perform the additional procedures for the audit already completed would be time consuming, costly

and difficult to complete by year-end due to interim and year-end audit work requirements that are already in progress or scheduled for the fourth quarter.

Sprint does not believe that the additional cost for the additional audit procedures justify the benefit to either the Commission or ratepayers. If, however, the Commission believes these additional procedures are necessary, Sprint recommends that the additional information be provided by Sprint rather than the auditors and on a prospective basis beginning with audits that are due in 2004.

2. Additional Information Page 2, Item No. 3.

Sprint and its external auditors are confused by the reference to “agreed-upon procedures used in previous years”. Sprint’s most recent remittance audit opinion submitted on August 16, 2002 and accepted by the Commission used similar language to what was provided by Mr. Jeff Pursley in his letter dated June 3, 2002 (See attached Exhibit 1). The language in Attachment A for the proposed agreed upon audit procedures is significantly different than what was used previously by Sprint’s external auditors.

3. Auditors Role Page 2 Item 3d.

This paragraph indicates that “the Commission is not requesting the auditor to review or make judgment on such information, only that they obtain this information from the company and file it with the other forms.” If the intent of this request is simply to provide this information to the Commission, Sprint suggests that it would be more efficient and less costly for it to provide this information rather than the external auditors.

For the foregoing reasons, Sprint suggests that the additional information requested by the Commission be provided by the company and not the auditor and that such information be provided on a prospective, rather than retroactive basis.

Dated: September 12, 2003

Respectfully submitted,  
Sprint

A handwritten signature in black ink, appearing to read "Ken Schiffman", written over a horizontal line.

Kenneth A. Schiffman  
General Attorney  
6450 Sprint Parkway  
KSOPHN 0212-2A303  
Overland Park, KS 66251  
Voice: (913) 315-9783  
Fax: (913) 523-9827  
Email: [kenneth.schifman@mail.sprint.com](mailto:kenneth.schifman@mail.sprint.com)

# Nebraska Public Service Commission

COMMISSIONERS:  
ANNE C. BOYLE  
LOWELL C. JOHNSON  
ROD JOHNSON  
FRANK E. LANDIS  
GERALD L. VAP



300 The Atrium, 1200 N Street, Lincoln, NE 68508  
Post Office Box 94927, Lincoln, NE 68509-4927  
Website: [www.nol.org/home/NPSC](http://www.nol.org/home/NPSC)  
Phone: (402) 471-3101  
Fax: (402) 471-0254

NEBRASKA CONSUMER HOTLINE:  
1-800-526-0017

EXECUTIVE DIRECTOR:  
ANDY S. POLLOCK

TO: Telecommunication Providers within the State of Nebraska

FROM: Jeff Pursley, Director  
Nebraska Universal Service Fund

DATE: June 3, 2002

SUBJECT: NUSF Fiscal Year Audits

In response to recommendations from the Office of the Auditor of Public Accounts for the State of Nebraska, the Commission ordered on March 28, 2000, in NUSF-1, Progression Order #7 the following:

"...all companies whose revenues, subject to assessment of the NUSF surcharge, are greater than \$1,000,000 in a NUSF fiscal year, shall have all information used for the determination of intrastate retail telecommunications services revenue subject to the NUSF surcharge, audited on an annual basis. This audit shall be performed by an independent third party, with audit results for a fiscal year being due before the end of the next fiscal year.

Accordingly, the audit results from the fiscal year from July 1, 1999, through June 30, 2000, shall be submitted on or before June 30, 2001."

Based on the NUSF Remittance Worksheets received from your company, the revenue assessment minimum of \$1,000,000 in a given fiscal year period, was met or exceeded. In addition, the audit as ordered by the Commission in the above referenced Order for the Fiscal Year 1999/2000, was not received prior to June 30, 2001, and has not been received as of the date of this correspondence. In addition, the Fiscal Year 2000/2001 audits are due prior to June 30, 2002.

Companies not in compliance with Commission Orders may be subject to an administrative fine, pursuant to Nebraska Revised Statute 75-156. To minimize the levy of any administrative fines the Commission shall deem prudent, it is necessary for you to forward the required audit(s) prior to August 30, 2002.

For your reference, a sample of attestation language is attached.

Please note that carriers remitting audit results on a calendar year versus a fiscal year, have not complied with the order as noted above and are considered delinquent. The same deadline of August 30, 2002 would still apply in this case. Should you receive this correspondence in error, please contact Brandy Zierott at 402-471-0246.

(SAMPLE)

To the Nebraska Public Service Commission:

In our opinion, the carrier remittance worksheets submitted to the Nebraska Universal Service Fund for the period from July 1, 1999 to June 30, 2000, fairly represents the obligation of \_\_\_\_\_ (Company) under Statutes, Rules and Opinions and Findings relative to the Nebraska Universal Service Fund. We reviewed these statements in accordance with generally accepted auditing principles, which require that we plan and perform an audit, to obtain reasonable assurance about whether these statements are free of material misstatement.

We believe that our audits provide a reasonable basis for the opinion expressed above.